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April 18, 2001

BY HAND

RECEIVED

Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TW-A325
Washington, D.C. 20554

APR 18 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: *Ex Parte Presentation*
In the Matter of Provision of Directory Listing Information Under the
Telecommunications Act of 1934, As Amended, CC Docket No. 99-273

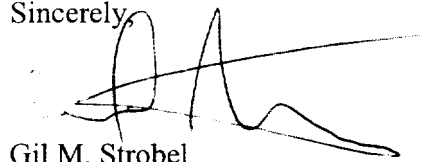
Dear Ms. Salas:

On April 17, 2001, Peter Meyer, CEO of Telegate, Inc. along with Ruth Milkman and Gil Strobel of Lawler, Metzger & Milkman, LLC, met with Dorothy Attwood, Gregory Cooke and Jared Carlson of the Common Carrier Bureau to discuss the above-referenced proceeding.

During the meeting, we discussed possible means of promoting competition in the retail market for directory assistance services. A copy of the presentation used during the meeting is included with this submission.

Pursuant to section 1.1206(b)(1) of the Commission's rules, 47 C.F.R. §1.1206(b)(1), an original and one copy of this letter are being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,



Gil M. Strobel

Enclosure

cc: Dorothy Attwood
Jared Carlson
Gregory Cooke

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Directory Assistance Services: Promoting Competition in the Retail Market

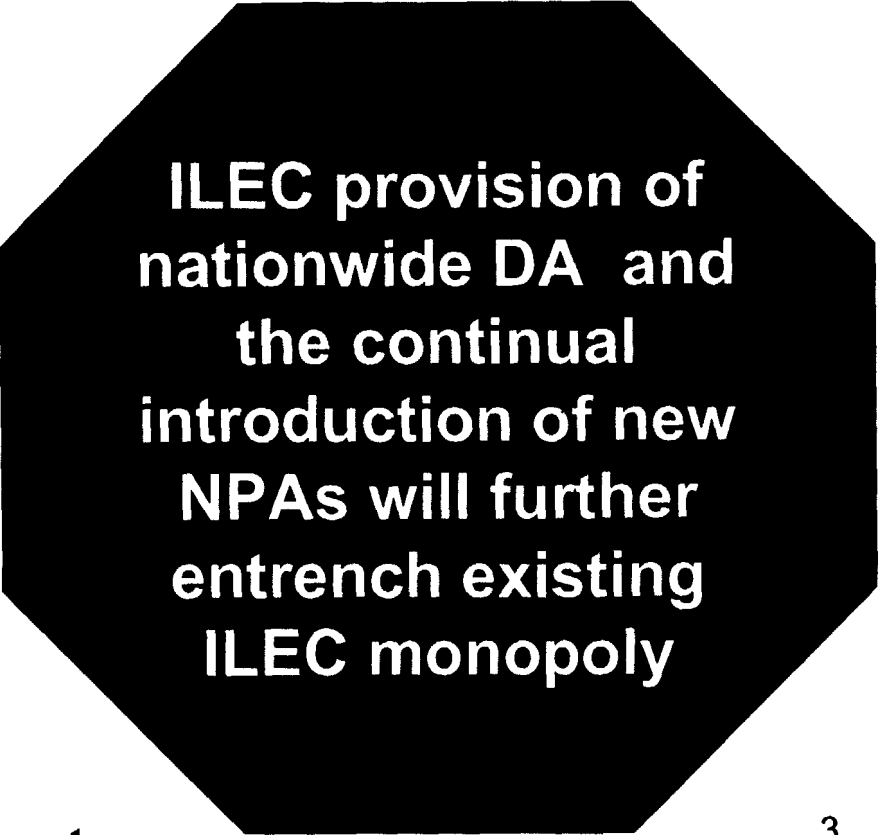
**Presentation by Telegate, Inc.
April 17, 2001**

Overview

- Overview of the Retail Market
- Benefits of Competition
 - 411 Presubscription
 - Uniform Dialing Codes

ILEC Monopoly Control over 411 DA Has Led to Predictable Harms

- Inaccurate Information
 - Accuracy rates of 80% at best
 - Results in misbillings of at least \$400M per year to customers
- Poor Service Quality
- Reduced Innovation
- Unserved Communities
(e.g. Spanish speakers)



ILEC provision of nationwide DA and the continual introduction of new NPAs will further entrench existing ILEC monopoly

Consumers Would Reap Many Benefits From Increased Competition in DA Services

- **Better service** – Competition will create pressure for DA providers to improve accuracy and response times
- **More innovation** – New entrants are likely to introduce new value-added services, such as call completion, locator services, concierge services, etc.
- **Increased focus on underserved markets** – New competitors may focus on niche opportunities such as language-specific DA
 - While the ILECs provide limited language-specific services, surveys indicate that Spanish speaking consumers do not believe that these services are adequate to meet their needs

Competition will also fuel further growth in an already sizeable market

- Analysts estimate the value of the DA market in the U.S. today to be \$3-5 billion
 - The greater accuracy, improved reliability and innovative services that competition will foster will promote increased demand for DA services
- Increased competition from new providers using innovative approaches and targeting under-served markets will help states achieve their goals of providing consumers with high-quality DA services at reasonable prices

Two Approaches Likely To Create a Competitive Market for DA services are 411 Presubscription and Uniform Codes

- Presubscription allows a customer to reach a pre-selected DA provider of its choice by dialing 411
- Uniform codes allow customers to dial a unique number (*e.g.*, 555-XXXX) to reach the DA provider of their choice
- The Commission should ask for comments on both approaches to promoting competition for DA services

Benefits of 411 Presubscription

- **411 is the universally recognized dialing code for directory assistance**
 - The FCC has recognized value of 411 to consumers
 - Despite visible, expensive marketing campaigns, dial-around DA services have been unable to successfully compete with ILEC 411 DA
- **Experience in the long distance market shows that presubscription is an effective means of promoting competition**

Benefits of Uniform Codes

- **Maximizes consumer control by enabling customers to choose a different DA provider for each call**
- **Allows customers to reach their preferred DA provider without requiring presubscription or dial-around services**
- **Reduces the competitive advantages enjoyed by incumbent providers by requiring all DA providers to adopt new numbers**
- **Frees up scarce numbering resources**
 - The 411 abbreviated dialing code is particularly valuable, because all other N11 codes are currently in widespread use

Other Countries Have Used, or Are Considering the Use of, Uniform Codes to Introduce Competition for DA Services

- **Both Germany and Ireland have successfully launched competition for DA services by adopting new abbreviated dialing codes for DA providers**
 - Competition in the DA market has led to improved service, greater accuracy, innovative services, and economic growth
- **OFTEL is currently considering various approaches to creating a competitive market for DA services in the UK**
 - The Director General of Telecommunications expressly noted that opening the DA market to competing providers would “provide greater choice and a wider range of services for consumers, as has already happened in a number of European countries.”
 - OFTEL is considering three options, including discontinuing the existing DA code and allocating unique 118XX numbers to all DA providers

Uniform Codes Should Not Be Complicated or Costly to Implement

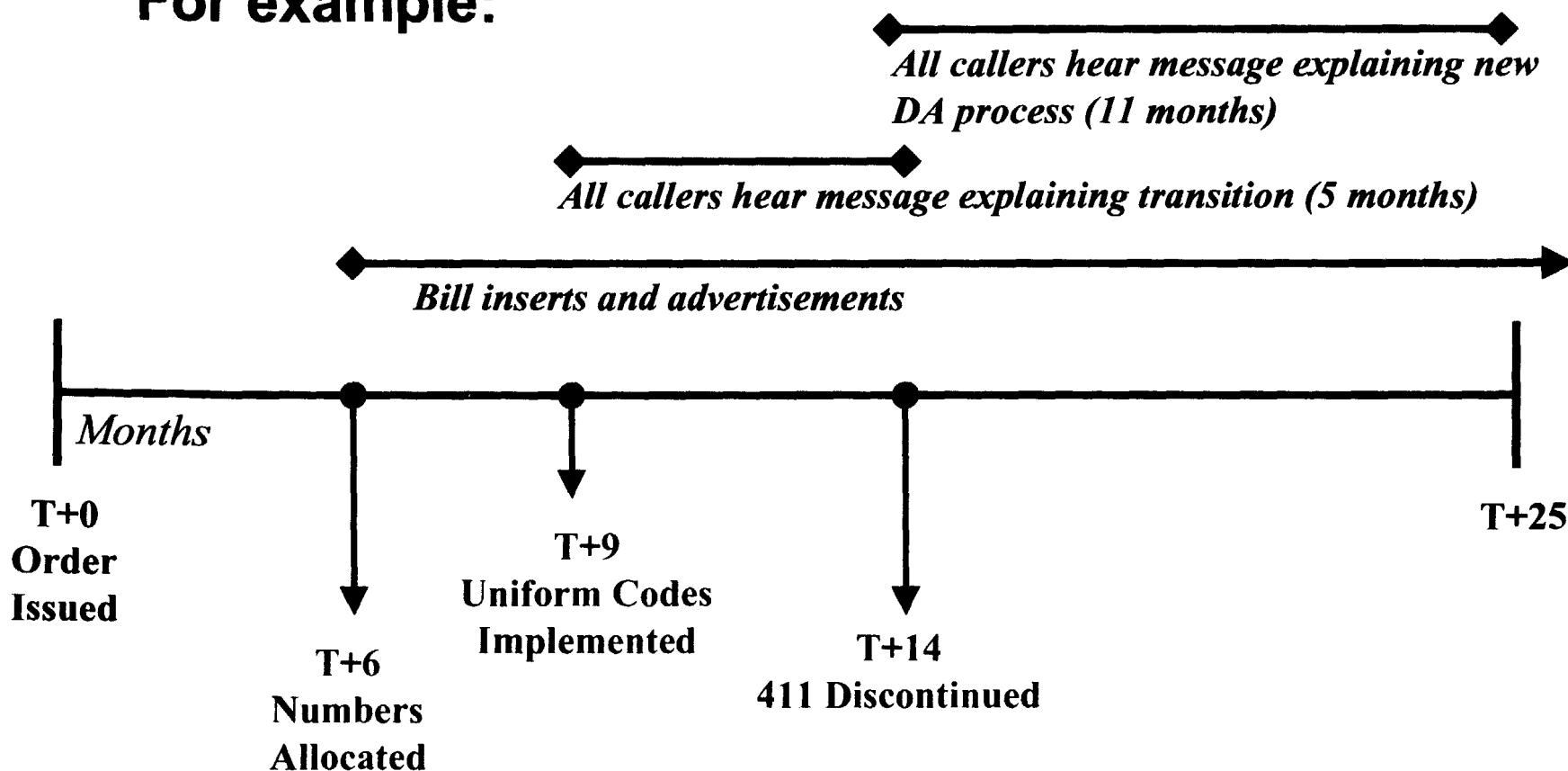
- **Based on Telegate's understanding of the incumbent LECs' network architecture, software changes necessary to implement uniform codes should be minimal and the overall costs should be relatively low**
 - Uniform codes should not require the ILECs to install new hardware, and therefore should be less expensive to implement than 411 presubscription
 - The technology for uniform codes using 555-XXXX already exists
- **The Commission should seek comment on the costs associated with the implementation of uniform codes, and ask incumbents to describe specifically the network upgrades, if any, that would be required**
- **The Commission should seek comment on how DA numbers would be administered and assigned with uniform codes**

Experience Demonstrates that the Transition to Uniform Codes Can Be Structured to Maximize Consumer Benefits and Minimize Disruption

- **Based on Germany's implementation of uniform codes, approximately nine months should be required to allocate numbers and implement the new codes**
- **Customer confusion can be minimized during implementation by keeping both the new (555-XXXX) and old (411) numbers operational for several months**
 - Customers would be educated about the new DA numbers through bill inserts and advertisements
 - For an initial period of several months, calls to the old incumbent numbers would trigger a message explaining the transition and listing all new DA service numbers before the customer is connected to the DA provider (in Germany, this initial period lasted 5 months)
 - Subsequently, calls to the discontinued numbers would trigger a message describing the new DA system and directing callers to dial a new number for DA services (DT provided voice announcements for 11 months after the old DA number was discontinued)

The Commission should seek comments on an appropriate timetable for implementing uniform codes

For example:



telegate